MJG Capital

To: MJG Capital Limited Partners
From: Matt Geiger
Date: January 31, 2020
Subject: 2019 Second Half Review

Below is set forth MJG Capital Fund, LP's performance through December 31, 2019.

6 Month Performance	
MJG Capital Fund, LP (net of all fees and expenses)	23.74 %
S&P 500	9.82 %
S&P/TSX Venture Composite Index	(1.36) %
1 Year Performance	
MJG Capital Fund, LP (net of all fees and expenses)	75.91 %
S&P 500	28.88 %
S&P/TSX Venture Composite Index	3.65 %
3 Year Performance	
MJG Capital Fund, LP (net of all fees and expenses)	69.46 %
S&P 500	44.30 %
S&P/TSX Venture Composite Index	(24.26) %
5 Year Performance	
MJG Capital Fund, LP (net of all fees and expenses)	82.53 %
S&P 500	56.94 %
S&P/TSX Venture Composite Index	(16.96) %
Performance Since Inception (9/1/11)	
MJG Capital Fund, LP (net of all fees and expenses)	(44.43) %
S&P 500	165.06 %
S&P/TSX Venture Composite Index	(68.10) %

Note: All returns for MJG Capital partners are estimated and subject to the completion of an audit at a future date. The returns for each limited partner may vary depending upon the timing of their individual contributions and withdrawals.

Introduction

The MJG partnership was formed roughly eight and a half years ago, and performance numbers are detailed on the previous page. The S&P 500 represents the alternative investment of choice, while the TSXV is the closest proxy to the universe of resource equities that fits our investment mandate.

The MJG partnership had a strong year in 2019 - with a return of 75.91% net of fees and expenses. This was one of our best years since inception, second only to the 94.51% gain of 2016. But while 2016 was stronger in absolute terms, this past year showed substantially better relative performance – as the TSXV posted a 45.13% gain in 2016 versus a meager 3.65% advance in 2019.

I'm also pleased to report that we have now outperformed both the TSXV and S&P 500 over six month, one year, three year, and five year time horizons. Over the past five years, the MJG partnership is up 12.79% annualized compared to 9.43% annualized for the S&P 500. The TSXV is down 3.65% per year over the same period.

The recent performance has largely been driven by our gold and silver positions, which now comprise 51% of the weighted MJG portfolio. I'm comfortable with this level of exposure to precious metals, but do not expect to see it grow much further. My focus in the next half year will be trimming our number of total holdings and fortifying existing energy metal positions.

We are clearly in the early stages of a precious metals bull market and are set to profit as it continues. A key question for the MJG portfolio is whether this is a precious metals-only bull market, or whether base metals energy metals, agriculture, and the rest of the commodity complex follows suit in the months ahead. We are reasonably well positioned for either scenario, but would benefit most from a broader commodity bull market driven by inflation.

While the volatility has been at times gut-wrenching, our long-term approach and focus on individual security selection is beginning to pay dividends. At the end of the day, my job isn't to predict the whims of the market but instead to handpick a portfolio of exceptional individual opportunities. This is done by backing smart, honest, and properly incentivized management teams at reasonable valuations, and then having the discipline to sell when the company either goes astray or becomes overvalued. I will stick to this simple game plan in 2020, while keeping the faith that over time the market will act as a "weighing machine" rather than a "voting machine" (as Ben Graham so eloquently put it).

In this letter's *Market Musings*, I discuss the royalty business model and its rise to prominence within the mining industry over the past twenty years. I also provide some insights into how the royalty complex is likely to fare in the years ahead.

In the *Overview of Partnership Holdings,* the fund's portfolio construction is reviewed by (1) commodity, (2) jurisdiction, and (3) business model. At current, the fund has twenty-five publicly traded positions in the portfolio.

We finish with the most recent *Featured Investment* (Lara Exploration) as well as updates on six current investments featured in previous letters (Salazar, Adriatic, Golden Valley, Sama, Ardea, & Excelsior).

The Reign of the Royalty

Perhaps the most significant development in the mining industry over the past twenty years has been the rise of the royalty business model. For those unfamiliar, a royalty is the right to receive a percentage of production from a given mining operation – most often in the form of a Net Smelter Royalty (NSR) where the royalty owner is entitled to a defined percentage of the gross revenue, less a proportionate share of transportation, refining, and smelting costs. Royalty companies, as one can imagine, make their living by acquiring a portfolio of attractive royalty assets and then either (a) leveraging their portfolio for access to bigger and better royalty deals or (b) returning the cash to shareholders through buybacks or dividends.

Investors love this business model for a multitude of reasons. The first is diversification, as the largest royalty companies have dozens of cashflowing royalties (with dozens more nearing cashflow) held by different operators in different jurisdictions. The second is that the business is extremely high margin – with the world's largest royalty companies generating as much as $3.5 million in net profit per employee. Third is the scalability of the business because, as royalty companies grow in size, their cost of capital drops and larger opportunities become available. Another benefit is that royalty companies don't share nearly as much operational risk as their counterparties as they bear no responsibility for funding mine development and sustaining capex. Finally, royalty companies get to participate in exploration upside entirely for free, which provides "a free perpetual option on discoveries" in the words of Franco Nevada founder Pierre Lassonde.

For these reasons, the royalty business model has been a darling of mining investors for many years now. This infatuation has been particularly apparent over the past twelve months. Franco Nevada, the world's largest royalty company, just hit a new all-time high this week and now sits at a market capitalization of US$21 billion. Wheaton Precious Metals and Sandstorm Gold are both up north of 40% since the beginning of last year, while junior royalty players like Abitibi Royalties, Metalla, and EMX Royalty have doubled or more over the same period. The royalty space is hot – both with seasoned mining investors and with generalists slowly reallocating to hard assets.

This raises a few questions. The first surrounds what the reign of the royalty business model means for the mining industry generally. On one hand, royalty companies have done a service by providing a source of capital to an industry starved for funds. It is no secret that the past decade for the mining industry has been a rough one and traditional avenues to raise capital have largely dried up. Over this period, royalty companies have stepped in and provided billions of dollars of funding to both producers and developers alike. Money is the lifeblood of this extremely capital-intensive business.

But this comes with a cost. The royalty companies have no doubt been sucking away investment dollars that otherwise would have been deployed into traditional mining companies. This competition will only become more intense as the royalty complex continues to grow in mass. Additionally, there have been plenty of cases of royalty companies getting "too good of a deal", and hence encumbering assets to the point where they are not worth developing. In these cases, the burden of course falls far more unevenly on the operator (who may only have 1-2 assets) than on the well-diversified royalty company.

Another key question is how long this outperformance amongst the royalty names will continue. That will ultimately depend on the length of the precious metals bull market that is currently under way. Based on the duration of past bull cycles, I'm of the view that we have a few more years to go. Were this to be the case, the royalty names may continue to outperform for another year or two before the operators get their revenge in the later stages of the bull market.

But even if the operators get their revenge late in the cycle, I still expect the royalty companies to become overvalued (perhaps massively so) in the years ahead – to the extent that as a group they take a massive hit when the next bear market comes around. Franco Nevada exited the 2011-2015 bear market with a higher share price than with which it began. I doubt that will be the case the next time around. But the good news is that we won't likely have to worry about that for a few more years.

It's also worth considering whether the dynamics discussed above present any opportunities to the enterprising investor. There are a couple apparent to me. The first is that the best royalty opportunities going forward lie with base and energy metals. It's astounding to me that there isn't a single base/energy metal royalty company valued north of US$500m, especially given that gold only accounts for 15-20% of the total value of global mineral production. The playing field is wide open, and I think it's only a matter of time before investors warm to royalty companies focused on metals other than gold and silver.

The second opportunity is more obscure and only relevant to those of us who invest in the prospect generation business model. I think there is a window over the next few years for the more mature prospect generators to transition into royalty companies. There are a handful of groups out there with 1-2 cashflowing royalties backed by a large portfolio of non-cashflowing royalty interests at various stages of development. I'm not suggesting that these groups go out and overpay for additional cashflowing royalties just so they can call themselves a proper royalty company. Nor am I suggesting that anyone should disingenuously brand themselves as a royalty company before they have the goods. But at the very least, I do think there may be opportunities for these companies to restructure any existing project-level interests into NSRs and also to structure future earn-in deals with a greater emphasis on the royalty component.

As a final note, it will be interesting to see whether the recent flurry of M&A activity amongst the precious metal developers and producers translates into any consolidation within the royalty space. I count eight major mining deals in the past 90 days, but the last takeover of one royalty company by another occurred mid last year when Sailfish Royalty acquired Terraco Gold. Might we see some more of this in 2020? A deal or two does seem likely, at least amongst the junior players.

Overview of Partnership Holdings

The partnership is exposed to different commodities, jurisdictions, and business models. We currently have twenty-five publicly traded positions in the portfolio. We also have four private investments and three sets of "in the money" warrants (priced at intrinsic value for reporting purposes).

In the July 2019 investor letter, I stated that I'd like to trim down the portfolio to twenty publicly traded names. I failed in this regard - we remain at twenty-five publicly traded positions as three liquidations were cancelled out by three new investments over the past six months. I will make a better effort over the coming months to whittle down our number of positions and further concentrate the portfolio.

Ultimately our investment philosophy has very little to do with betting on a specific commodity or jurisdiction, and everything to do with management experience, management incentivization, asset quality, financial structure, upcoming catalysts, and price to value metrics. In essence, bottom up investing based on company-specific fundamentals.

That said, I will continue to monitor our exposure to specific commodities and jurisdictions in order to manage risk. In this spirit, I don't plan to add further exposure to the United States for the foreseeable future given our already hefty weighting to this jurisdiction. I also won't allow for our precious metals exposure to rise much above 50% of the weighted portfolio and will continue to fortify existing holdings focused on energy metals such as uranium, nickel, and copper.

Below is a snapshot of our investments as of January 30, 2020.

Allocation by Commodity	
Energy Metals	
Copper	15%
Nickel	7%
Uranium	5%
Vanadium	3%
Rare Earths	3%
Industrial Metals	
Bauxite	3%
Iron Ore	2%
Zinc	2%
Precious Metals	
Gold	36%
Silver	15%

Farmland*	
Canola	2%
Cotton	2%
Grapes	2%
Aquaculture*	
Salmon	2%
Cash (USD)*	1%

*** Signifies minimal correlation to the mining cycle.**

Allocation by Jurisdiction	
United States	33%
Canada	17%
Bosnia	11%
Australia	8%
Serbia	6%
Ecuador	5%
Côte d'Ivoire	4%
Mexico	4%
Brazil	3%
Cameroon	3%
Peru	3%
Mongolia	2%
Cash (USD)	1%

Allocation by Business Model	
Prospect Generation	20%
Exploration	23%
Development	32%
Production	10%
Royalty/Streaming	14%
Cash (USD)	1%

Featured Investment

Lara Exploration (TSXV: LRA)

Lara Exploration is a prospect generator active in Brazil and Peru. Lara became the newest addition to the MJG portfolio when we first purchased shares at C$0.44 in November 2019. Our average cost per share now sits at C$0.49 after factoring in subsequent purchases.

In all honesty, I shouldn't be writing about LRA at this juncture as we haven't finished building our full position. However, I'm fired up about the company's long-term prospects and couldn't resist including it as the featured investment in this letter.

Lara simply makes sense for those of us comfortable investing in prospect generators. The company has a low burn rate, management ownership of 10%, a tight share structure, a comfortable working capital position, a sticky shareholder base, and very little speculative premium baked into the current share price. Not to mention that Lara has exposure to two serious partner-funded drill programs over the next 12 months, a soon-to-be cash flowing royalty, and no need to finance for years to come.

I should note that I'm hardly the first investor to vouch for Lara. Mentors of mine such as Adrian Day, Paul Stephens, and Rick Rule have been long-time backers of Lara and CEO Miles Thompson. But I could care less about being first. I've been looking for the right opportunity to invest in Lara for a few years now, and I think the time is now right.

In this *Featured Investment* piece, I begin by providing an overview of Lara's company history - with a focus on management experience, insider ownership, working capital, share structure, and financing history.

We then take at a look at Lara's overall project portfolio before delving into the company's four most significant assets – a 30% free-carry to production at Planalto, a 2% NSR at Corina, a 30% interest in the Liberdade Copper Project, and a 2% NSR plus 5% ownership stake in the soon to be producing Celesta Copper Project.

Next, we review Lara's expected milestones over the next couple of years, so readers can keep tabs on the company's progress alongside me. Most significant is first royalty cashflow from Celesta expected later this year.

We conclude with a discussion on why Lara offers attractive speculative value at its enterprise value, while also touching on the potential risks of investing in the company.

Company Background

Lara Exploration was founded in 1997 by Miles Thompson as a prospect generator focused on Brazil and Peru. More than two decades later, the company is still laser-focused on this same mission – with the exception of two phosphate assets in Chile, the company's entire project portfolio is comprised of assets located in one of these two countries. Miles remains at the helm as CEO and owns roughly 8% of the company himself.

As with any prospect generator, the quality of the people involved is the most significant variable. Miles is a geologist by training and plied his trade at Gold Fields (now the 9th largest gold miner in the world) before founding Lara. Miles has decades of exploration experience in South America, but ironically his claim to fame would occur in Serbia – where he led prospect generator Reservoir Minerals from a $1m company in 2009 to a C$512m acquisition in 2016. Reservoir of course made the world-class Timok discovery along with earn-in partner Freeport-McMoRan. Reservoir was ultimately acquired by Nevsun, which in turn was acquired by Zijin Mining in late 2018 for C$1.8 billion. I followed this saga closely as the MJG partnership owned shares of Nevsun from mid 2013 until the Zijin takeover closed in late 2018.

Reservoir Minerals will forever be a case study of the upside potential inherent in a properly executed prospect generation business plan. Given that Miles is now focused exclusively on Lara, investors have an opportunity to bet on him repeating the trick in South America – which as mentioned is a jurisdiction where he has deep connections and decades of experience.

There are only three other members of the Lara management team. Chris MacIntrye serves as LRA's Vice President of Corporate Development and has tight relationships with Lara's major shareholders. Chris played a similar role at Reservoir where he was part of the founding team, and he has now worked alongside Miles for over a decade now.

Michael Bennell (Vice President Exploration) and Helio Ikeda (Senior Geologist Brazil) round out the team by providing boots on the ground experience. Between the two of them, they have over six decades of experience in South America and have worked for companies such as BHP, Anglo, Vale, and Barrick. Mr. Ikeda has been with Lara since inception, while Mr. Bennell joined the company in 2007.

Despite Lara's relatively long existence, the company has never done a share rollback and maintains a tight share structure (38.6m shares issued and 43.7m full-diluted). Lara has only conducted six financings in the fifteen years since going public in 2005, which is a testament to the company's embrace of the prospect generation model as well as its low corporate overhead. Miles runs Lara as an owner-operator should – with the company spending less than C$100k per month on G&A.

Lara's working capital position currently sits at a comfortable C$2m. More significantly, the company is expecting C$2.2m in partner payments over the course of 2020. Given that Lara has an expected all-in budget of only C$2m for 2020, the company is in the enviable position of potentially ending the year with more cash than it started with.

Given the working capital cushion, expected partner payments, and a soon to be cash flowing NSR at Celesta, Lara has no need to raise capital for the foreseeable future. This is one of the company's strongest selling points in a junior sector that remains starved for capital.

Overview of Project Portfolio

Lara Exploration has exposure to twenty-one projects located almost exclusively in Brazil and Peru. Ten of these projects are 100%-owned and are actively being marketed to potential earn-in partners or acquirers. Three of these projects (Planalto, Liberdade, and Lara) are subject to joint ventures with larger parties. Lara holds royalty interests over the remaining eight projects, including Celesta, Corina, Cumaru, Vertical, Picha, Ancash, Tocantins, and Bahia Inglesia.

Source: Lara Corporate Presentation. **https://www.laraexploration.com/site/assets/files/1492/2019-12-03-cp-rev-lra.pdf**

As can be seen in the above graphic, these twenty-one projects are in various stages of development but none are yet in production. That will change this year at Celesta when partner Tessarema commences commercial production in Q3. Lara holds a 2% NSR covering Celesta, owns 5% of the asset, and will be receiving monthly US$100k payments for the next nine months. First royalty cashflow later this year is of course a significant catalyst for the company.

While each of these twenty-one projects have their own merit, there are four that stand above the rest in terms of significance to the company. The first is the Planalto Copper Project in Brazil, which the company considers to be its flagship asset. The second is Hochschild Mining's Corina Gold Project over which Lara holds a 2% NSR. The third is the company's 49% stake in Liberdade, which is embroiled in a lawsuit between Codelco and Vale. And finally, there is the aforementioned Celesta Project just months away from commercial production. I will now provide color on each of these.

Planalto Copper Project

Lara signed an option agreement to purchase Planalto for US$500k in 2013. As can be seen in the map below, the asset is located in the heart of the Carajás region in Brazil. Planalto is surrounded by two producing copper mines (Vale's Sossego and Oz Minerals' Antas) as well as three mines in development (Vale's Cristalino, Oz Minerals' Pedra Branca, and Tessarema's Celesta). At the time of acquisition, the Lara team was already responsible for two discoveries in the Carajás region (Celesta and Liberdade) - so from day one Planalto seemed like a natural fit in the company's portfolio.

Source: Lara Corporate Presentation. **https://www.laraexploration.com/site/assets/files/1492/2019-12-03-cp-rev-lra.pdf**

Planalto hosts IOCG-type mineralization that is similar to both Sossego and Antas. After a few years of grassroots exploration work on the property, Lara management took the risky step of drilling the project on a 100%-basis in 2018. I'm almost always against prospect generators drilling on their own dime, but in this case Miles's decision was justified when the company announced a 284m intercept grading 0.48%

copper and 0.05 g/t gold, including 130 meters at 0.88% copper and 0.09 g/t gold. This was an excellent intercept, particularly in an existing copper district.

The company leveraged these drill results into a joint-venture with Capstone Mining in late 2018 – where Capstone agreed to earn up to a 70% in the Project by funding exploration, feasibility studies and electing to finance, build and manage a commercial mining operation, with Lara repaying its pro-rata share of the production financing out of cash flow. In other words, a 30% free-carry to production which is undeniably an excellent deal for Lara.

In spring 2019, Lara and Capstone completed eighteen diamond drill holes for roughly 3100 meters total at Planalto. (Fifteen of the holes focused on the Homestead Target where Lara drilled previously, and three were scout drill holes testing a soil anomaly south of Homestead.) The results of this drill program underwhelmed the market as Lara was unable to replicate the grades from the initial program.

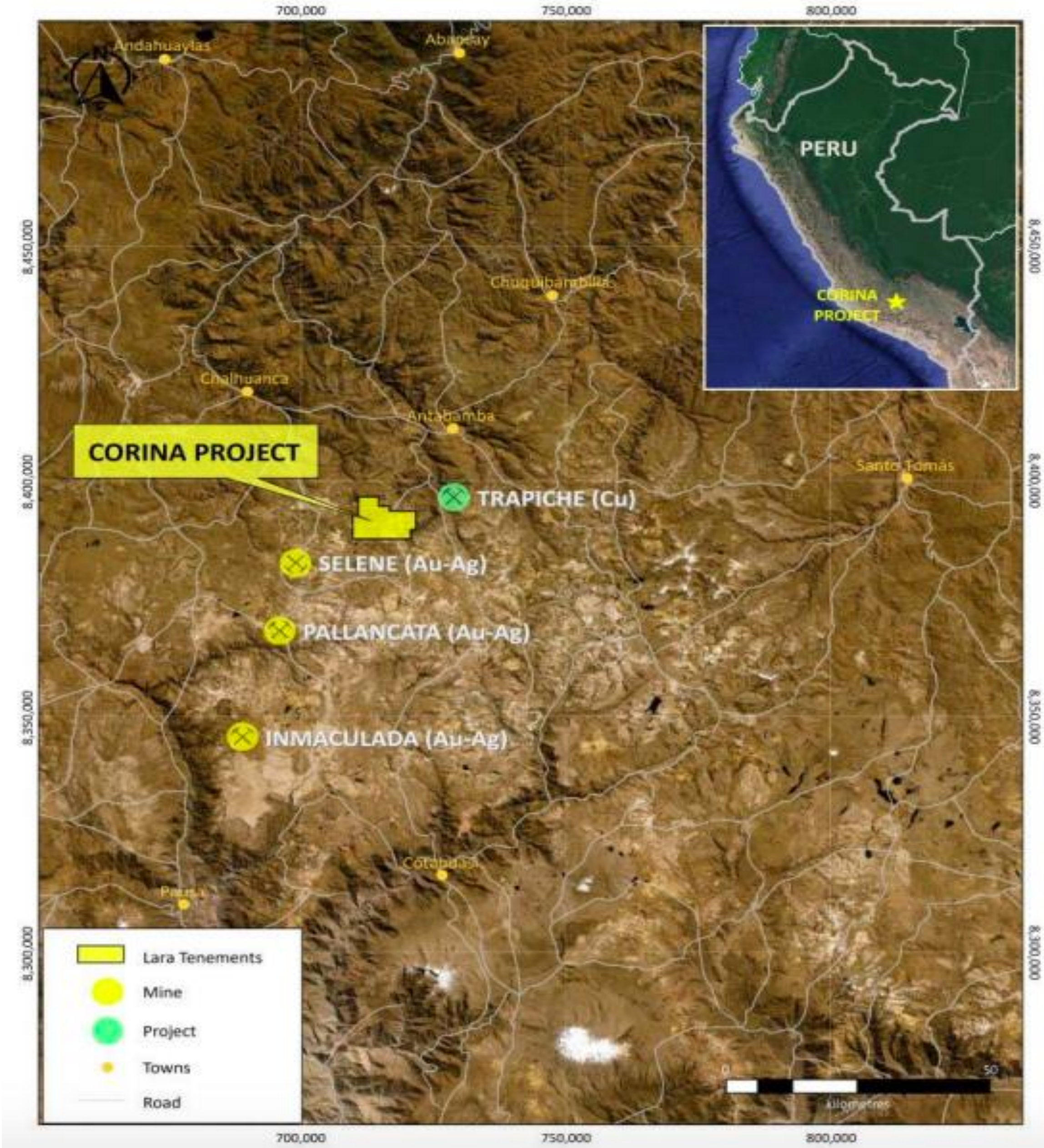
The good news is that earn-in partner Capstone Mining remained undeterred and, on November 4th, Lara announced that a 2000 meter diamond core program would be completed by year end 2019 – focused primarily on extensions of the Homestead Target "where copper-gold mineralization is already recognized to underlie an area with dimensions of more than 350m north-south and 350m east-west and is open down dip to the west of the current drilling". An IP survey is also in the works, which indicates that Capstone is thinking beyond the current drill program and is evaluating new targets elsewhere on the property.

I'm expecting the assay results from this 2000m program to be reported in the coming weeks, likely sometime in February. This has the potential to be a major catalyst for the Lara share price, but we'll need to see significant intercepts of greater than 0.50% copper equivalent to get the market exited. Time will tell, but the key takeaway here is that Capstone seems to have long-term ambitions for Planalto irrespective of the results of this upcoming program. Lara meanwhile gets to share in any upside without spending another dime.

Corina Gold Project

The Corina Gold Project comprises a block of licenses totaling 8,300 hectares in the Antabamba region of Southern Peru. The project has been in the hands of Hochschild Mining since mid 2014 when Lara sold the property to a Hochschild subsidiary for staged cash payments of US$4.15m and a 2% NSR with no buyback provision. Lara has yet to receive the vast majority of the cash payments as only US$300k has been paid to date. However, the next of installment of US$350k is due by July 2020.

Corina is a low-sulphidation epithermal gold target. As seen in the map below, the land package is located a stone's throw away from Hochschild's Selene Mill and operating Pallancata and Immaculada mines. Pallancata, which sends its production to the Selene Mill, is expected to run out of ore within the next four years. A soon-to-be hungry mill is of course good news for Lara shareholders, as it gives Hochschild an incentive to advance Corina aggressively in the coming few years.



Source: Lara Corporate Presentation. **https://www.laraexploration.com/site/assets/files/1492/2019-12-03-cp-rev-lra.pdf**

On October 1st, 2019, Hochschild announced results from its first ever drill program at Corina. The results were promising, particularly hole COR19010 which cut 16 meters of 6 g/t Au and 28 g/t Ag starting at 186m in depth. At just under 100 gram-meters, this is quite possibly an economic intercept and bodes well for the future of the project. In total, the program consisted of fourteen holes – with assay results from the final four holes still pending release.

Hochschild has signaled that it will be busy at Corina over the next twelve months. The company is currently in the process of permitting no less than 33 drill pads at Corina and it is anticipated that Hochschild will commence a Phase 2 program in Q3 2020. The size of this program remains to be seen, but it looks like it will be substantial given the drill pad construction. This upcoming drill program provides another exciting near-term catalyst for LRA shareholders.

Liberdade Copper Project

Like Planalto, the Liberdade Copper Project is an 8,491-hectare license located in the Carajás region of Brazil. Liberdade has the potential to become a company-maker for Lara but remains embroiled in a seemingly endless legal fight between Codelco and Vale. While at this point the market has written off Liberdade entirely, a positive resolution to the legal dispute would be a game changer for Lara.

Liberdade was originally staked by Lara in 2007. After conducting a program of reconnaissance level mapping and sampling, Lara announced in October 2010 that the Chilean copper giant Codelco had signed an earn-in agreement to acquire a 75% interest in the property for US$3m in expenditures and the requirement to define a minimum resource of at least 500,000 tons of copper equivalent.

Codelco was drilling the property within a year and shortly thereafter announced that hole LBCD-02 had intersected 197m of 0.72% copper equivalent from a depth of 49m at the Fortuna target. This appeared to be a bonafide discovery hole, and this was confirmed when hole LBCD-06 intersected a further 128m of 0.75% copper equivalent in a 650-meter step out on the same geophysical and geochemical anomaly.

Codelco put its foot on the gas pedal and completed several additional drill programs. By 2013, Codelco had spent the US$3m necessary to earn a 51% interest in the project. However, this is where the trouble begins. In July 2013, Codelco requested a standard three-year extension to the exploration license that it had acquired from Lara. At this point, Vale came out of the woodwork and complained to the Brazilian Department of Mines that it had a license covering the Liberdade Project dating back to 1986 that was still valid. A lawsuit ensued and the case has been held up in the Brazilian federal courts ever since.

Without opining too much on an ongoing court case, I can confidently say that Vale would not have brought this suit had there not been an economic discovery made at Liberdade. I will also note that it is curious that Vale allowed Codelco to drill for a couple of years at the project before making its claim.

But regardless of the merits of the case, Lara, Codelco, and Vale remain at the mercy of the Brazilian federal court system as this war of attrition grinds on. If there is a silver lining for Lara, it is that the company does not have to bear the costs of the litigation. Understandably, Lara management is mum both on the timing of a potential decision and the likelihood of Codelco (and hence Lara) winning the case.

My expectation is that we will see the long-awaited resolution sometime within the next twenty-four months. Were the decision to go Codelco's way, one could reasonably expect the LRA share price to double on the back of the positive news. Conversely, a win for Vale is unlikely to have a significantly negative impact on the Lara share price as the market has largely forgotten about Liberdade after seven long years of litigation.

Celesta Copper Project

Perhaps the company's most important asset is a 2% NSR and 5% ownership stake in Tessarema's soon to be producing Celesta Copper Project. Celesta (previously known as Maravaia) is a small, high-grade copper deposit in late-stage mine construction. Mining will initially focus on the Osmar target, which has an Indicated Resource estimate of 2.14 million tonnes and average grades of 4.2% copper and 0.66 parts per million gold. Like Planalto and Liberdade, the project is located in the Carajás region of northern Brazil.

Celesta was initially expected to go into commercial production in late 2018. However, Tessarema missed this deadline due to a combination of construction delays and a funding shortfall. This triggered a US$1m "late penalty fee" due to Lara, which was stipulated in the original option agreement. At this point, there was legitimate concern of whether Tessarema would be able to dig itself out of its financing hole or whether the project would be returned to Lara. This outcome would be a losing proposition for both parties - Tessarema would lose its investment while Lara would be stuck with a construction stage project rather than a monthly royalty check.

Thankfully, the well-respected metals trading house Ocean Partners stepped in to save the day by agreeing to lend Tessarema US$2.6m to fund upgrades to the plant, pre-stripping, and mine infrastructure in return for a life-of-mine offtake. As its pound of flesh, Lara was able to obtain a 5% project ownership stake in addition to its 2% NSR. Furthermore, Lara started receiving its late fee in US$100k increments beginning in December 2019. The company will be paid the remaining US$900k over the coming nine months.

On December 2nd, Lara provided a timely progress update on Celesta. The company announced that "development work in recent months has been focused on dewatering and a cutback of the Osmar pit and stripping to access the mineralized material. This work is expected to be completed by year end in preparation for mining during the first quarter of 2020." In other words, first production at Celesta can be expected as soon as this quarter – with commercial production to follow in Q3. Provided below is a visual of the Osmar pit undergoing dewatering and stripping.

Source: Lara Corporate Website. https://www.laraexploration.com/our-projects/brazil/celesta-copper-mine/

While Celesta is not a potential company-maker like Planalto, Corina, or Liberdade, Lara's 2% NSR will soon become the company's first cash flowing royalty. This makes it a very important asset for Lara for a couple of reasons. First, the annual cashflow from Celesta is expected to be in the ballpark of US$750k per year. Remember that Lara's corporate overhead is only ~C$1m per year, which means that the royalty checks from Celesta will cover 75% of the company's corporate expenses. The implication is that Miles and Chris can now go years without having to raise a single dollar, which again is exceptionally rare for a C$20m junior.

The second reason is more speculative. Assuming Miles is up for it, Lara Exploration has the opportunity to become a legitimate royalty company over the coming 5-10 years. Commercial production at Celesta is the first step in this direction. The process will by no means happen overnight, but I see a path where the 2% NSR at Corina begins cash flowing within the next 4-5 years and the 30% interest at Capstone is eventually traded for a 3-5% NSR. Add 1-2 NSR purchases to the organically generated ones, and Lara has itself a nice royalty portfolio. We'll see whether the company ultimately heads this direction – for the time being, all eyes will be on EMX Royalty (NYSE: EMX) to see whether it is able to successfully make the transition from prospect generator to a proper royalty business valued on a P/CF basis.

Upcoming Milestones

I've provided below the Lara milestones that can be expected over the coming twenty-four months. The most significant near-term catalyst is drill results from the recently completed 2000 meter program at Planalto. These can be expected in February. Just as important is the announcement of commercial production at Celesta expected later this year, which will mark first cashflow for Lara from an organically generated royalty.

- Drill results at Planalto (2000m) **by end February 2020**
- First copper production at Celesta **by end Q1 2020**
- Final US$100k payment received from Tessarema **by end September 2020**
- Commercial production at Celesta **by end Q3 2020**
- Drill results from Hochschild at Corina (33 drill pads) **by end 2020**
- Resolution to Codelco/Vale lawsuit at Liberdade **by end 2021**

Conclusion

Unlike past MJG Featured Investments such as Golden Valley Mines, Lara should not be considered through a deep value lens. Instead, an investment in Lara at its current C$22m enterprise value is a rational speculation on the company's maturing project portfolio. Lara's 30% free-carry at Planalto, 2%

NSR at Corina, and 49% interest at Liberdade each on their own have the potential to be worth multiples of Lara's current market capitalization. While we wait for each of these stories to play out, Lara shareholders can be rest assured that there will be no dilution for the foreseeable future – thanks to the company's low burn rate, healthy working capital position, expected partner payments, and the soon-to-be cashflowing royalty at Celesta.

Furthermore, let's not forget that Lara also has ten 100%-owned projects that are actively being marketed to potential earn-in partners or acquirers. CEO Miles Thompson has a substantial rolodex after his multi-decade experience in South America and the recognition he's garnered from the resounding success of Reservoir Minerals. Lara shareholders can expect new parties to come to the table in the coming months and years. Prospect generation is a game of volume – the more shots on goal, the better the odds of scoring.

While I clearly have high hopes for Lara, the investment does not come without risk. Lara's working capital position only covers 8% of the company's fully-diluted market capitalization, which is much lower coverage than most of our holdings. This suggests that were we to go into another nuclear winter for mineral exploration like we saw between 2011-2015, the Lara share price would be more exposed than would the share prices of the aforementioned Golden Valley Mines or EMX Royalty.

It's also worth noting that three of Lara's four most significant assets are located in Brazil, which exposes LRA investors to political risk. Jair Bolsonaro's administration has been very friendly to mining since assuming power early last year, which bodes well for Lara's activities in Brazil over the next few years. But long-term Lara shareholders have an obligation to keep tabs on the political situation in Brazil – with a close eye on the next general election scheduled for October 2022.

Even with these risks in mind, Lara shares provide excellent speculative value at the company's current valuation. After all, Miles and Chris sold a prospect generator for C$512m less than four years ago. Here's an opportunity to invest alongside them at a reasonable valuation as they try to repeat the trick with Lara. With two serious partner-funded drill programs over the next 12 months, a soon-to-be cash flowing royalty, and no need to finance for years to come, Lara is a solid buy here for patient investors.

Past Featured Investments

Over the course of previous letters, I've shared featured investment write-ups for sixteen different companies. These write-ups provide current and prospective investors a glimpse into our portfolio, and also give insight into the methodology I use to identify undervalued securities.

We remain shareholders of six of these companies, and I've provided updates on each of them below. I also include the *average cost per share* and *exit price* of the past featured investments that we no longer own.

Salazar Resources (TSXV: SRL)

Featured In: **July 2019**
Average Cost per Share: **C$0.17**
Current Market Price (Jan 30, 2019): **C$0.23**

Salazar Resources was highlighted as the featured investment in the MJG partnership's mid 2019 investor letter. We first initiated a position in SRL in April 2019 and today have a cost basis of roughly C$0.17 per share. While the SRL share price has risen nearly 20% over the past six months, it has actually been a slow and disappointing period for the company – though for reasons completely out of its control. I expect the news flow to pick up significantly in the coming months, with seven significant catalysts expected by year end 2020.

The source of the frustration is that drill permits country-wide have been held up by a bureaucratic blockage at the Ecuador Water Board. Ecuador doesn't have a culture of formal mining and, even within the federal government, there can be significant conflict between pro-mining and anti-mining factions. In this case, a rogue water minister was blocking the water permits necessary for drilling in a bid to stifle mining activity nationwide. This ploy worked for most of 2019 and exploration drilling across the country slowed to a crawl for both majors and juniors alike.

However, a shuffle of the Water Board in the fall by the pro-mining Moreno Administration seems to have remedied the issue. In late September, Salazar and Adventus jointly announced that "the partners recently received a water permit for a key concession that is part of the Pijili project". With this water permit in hand, a drill program is set to commence at Pijili imminently. (Salazar has a 20% free-carried interest at Pijili through a construction decision.) Shortly thereafter, the final water permits were granted for a much higher profile project – Lundin Gold's Fruta Del Norte. Lundin Gold declared first production at Fruta Del Norte to much fanfare just one week later. This movement on the permitting front is good news for all mining outfits active in Ecuador.

For the time being, Salazar still remains beholden to the Water Board for the issuance of water permits before the company can drill any of its 100%-owned properties (Rumiñahui, Los Osos, and Macara). It's the same situation at the PEA-stage Curipamba Project under development by Adventus Mining where SRL has a 25% free-carry to production. So the company is not out of the woods just yet.

However, the Salazar management team remains supremely confident that the remaining water permits will be forthcoming soon. On January 14th, the company issued a press release with CEO Fredy Salazar stating that "Salazar Resources plans to drill Rumiñahui, Los Osos and Macara on a 100% basis in 2020 and evaluate strategic options as the projects advance". As outlined in the press release, a total of US$2.6m has been allocated to the 2020 drilling budget which should allow for 8500 meters of drilling. The plan is to drill 3000 meters at Rumiñahui, 3000 meters at Los Osos, and 2500 meters at Macara as soon as the necessary water-use permits are in hand.

Drilling is also expected shortly at the Adventus joint venture properties. A large exploration drill program of 10,000 meters is expected at Curipamba where Adventus/Salazar will look for additional VMS lenses to supplement the El Domo deposit. According to a January 21st news release, fifteen new targets will be tested in this drill program. El Domo alone was shown to have an after-tax NPV_8 of ~C$375m as outlined in the May 2019 PEA. Any further discoveries on the greater Curipamba land package have the potential to take the economics of this project, which are already quite robust, to the next level. This drill program will commence as soon as the necessary water-use permits are in hand.

As mentioned earlier, the necessary approvals have already been received for Adventus/Salazar to begin a maiden drill program at the early stage Pijili Project. Pijili "has never been explored with modern exploration techniques, such as geophysics, nor has there been any systematic geological mapping, geochemical sampling, trenching and/or drilling undertaken" as noted on the Adventus website. On January 21st, Adventus and Salazar jointly announced that up to 5000 meters of exploration drilling is budgeted between Pijili and Santiago for 2020. The drilling is expected to commence imminently at Pijili with first assays expected in Q2 2020. A similarly sized drill program will be conducted at Santiago later this year, assuming successful receipt of the water-use permit.

A final potential catalyst for SRL shareholders would be the reopening of the Ecuador Mining Cadastre, which has been shuttered for over 18 months now and is responsible for the issuance of new mining concessions. Salazar mentions in the January 14th news release that "Salazar Resources has four project applications pending, and it is hoped that at least one of these new projects will be awarded when the register reopens. In addition, the Company will submit several further applications for new projects and concession areas when the mining register opens."

The prospects of the Mining Cadastre reopening soon were handed a big boost when, on January 13th, it was announced that a Salazar employee named Enrique Gallegos was leaving the company to become Vice Minister of Mines in Ecuador. Mr. Gallegos has a close relationship with the current Mines Minister Augusto Briones, and it is well-known that his first priority is to get the Mining Cadastre reopened. This bodes well for Salazar's chances of receiving new exploration concessions this year, and also demonstrates the caliber of the team that CEO Fredy Salazar has assembled in Ecuador.

I’ve provided below the Salazar milestones that can be expected over the coming twenty-four months. It’s important to note that the company is well-financed with a current working capital position of ~C$4m. In addition, Salazar receives a minimum of US$600k per annum in advanced royalty income from Curipamba, as well as management fees for exploration services provided to the Exploration Alliance for work on Pijili and Santiago. Despite the company’s ambitious plans to drill 8500 meters across its 100%-owned properties over the next twelve months, there is no need for the company to finance for the foreseeable future – an enviable position not shared by the vast majority of junior mining companies.

- Drill results (3000m) at Pijili **by end Q2 2020**
- Reopening of Ecuador Mining Cadastre **by end Q2 2020**
- Ratification of the 100%-owned Alisales license in Columbia **by end Q2 2020**
- Drill results (3000m) at Los Osos **by end Q3 2020**
- Drill results (10,000m) from exploration drilling at Curipamba **by end 2020**
- Drill results (3000m) at Rumiñahui **by end 2020**
- Drill results (2500m) at Macara **by end 2020**
- Drill results (2000m) at Santiago **by end 2020**
- Feasibility Study at Curipamba announced by Adventus **by end Q2 2021**
- Submission of draft EIA to Ecuadorean authorities for Curipamba **by end Q2 2021**

To conclude, I want to remind readers that Salazar is undervalued based solely on its 25% free-carried interest in the Curipamba Project. This can be seen by looking at the fully-diluted market capitalization of Adventus Mining, which currently sits at C$96m. (A key assumption here is that the vast majority of Adventus Mining’s market valuation can be attributed to Curipamba, which I believe is fair given that Curipamba is far and away the company’s most advanced asset.) Logic implies that Salazar’s 25% free-carried stake in the project should be worth at least one-third of this C$96m figure, or roughly C$32m. Meanwhile, Salazar carries a fully-diluted market capitalization of C$30m at the current share price.

In a December 2019 interview with CRUX investor, Salazar director Merlin Marr-Johnson provides a second way to quantify Salazar’s 25% free-carried interest in Curipamba. He notes that in early January 2019 Adventus sold a 2% NSR on Curipamba to the well-respected royalty group Altius Minerals for US$10m. Merlin notes that Salazar’s 25% free-carried stake can be valued at ~US$40m (or ~C$52m) when using the rule of thumb that a 1% NSR is equal to a 3% project interest. I personally think that this assumption underweights the value of a royalty relative to project equity and am more comfortable assuming that a 1% NSR is equal to a 5% project interest. This more conservative ratio values the 25% free-carried interest at

US$25m (or C$33m), which implies that SRL should be valued at a C$0.25 share price for its stake in Curipamba alone.

Both of these valuation exercises suggest that Salazar is modestly undervalued for its 25% free-carry on Curipamba. This means that the rest of the company comes for free, including the 100%-owned Rumiñahui, Los Osos, and Macara properties (all of which will be drilled this year), the three company-owned drill rigs, and the in-house geological IP assembled by CEO Fredy Salazar. I will continue to monitor the permitting situation in Ecuador closely, and will become particularly worried if we don't see water-use permits granted at Curipamba, Santiago, Rumiñahui, Los Osos, and/or Macara in the coming few months. But for the time being Salazar remains an easy hold, both due to its valuation as well as its potential for a re-rating in 2020 – with no less than seven major catalysts expected over the coming 12 months (i.e. drill results at six different projects & the reopening of the Mining Cadastre).

Adriatic Metals (ASX: ADT)

Featured In: **January 2019**
Average Cost per Share: **A$0.53**
Current Market Price (Jan 30, 2020): **A$1.61**

Adriatic Metals remains a core MJG partnership holding. We first initiated the position in September 2018 at A$0.39 on the heels of the discovery hole at Rupice. Our average cost per share sits at A$0.53 when factoring in subsequent purchases in late 2018. While we did take some profits in December 2019, the partnership still holds the majority of its original ADT position and has no plans for further sales until we see A$3.00 per share or higher.

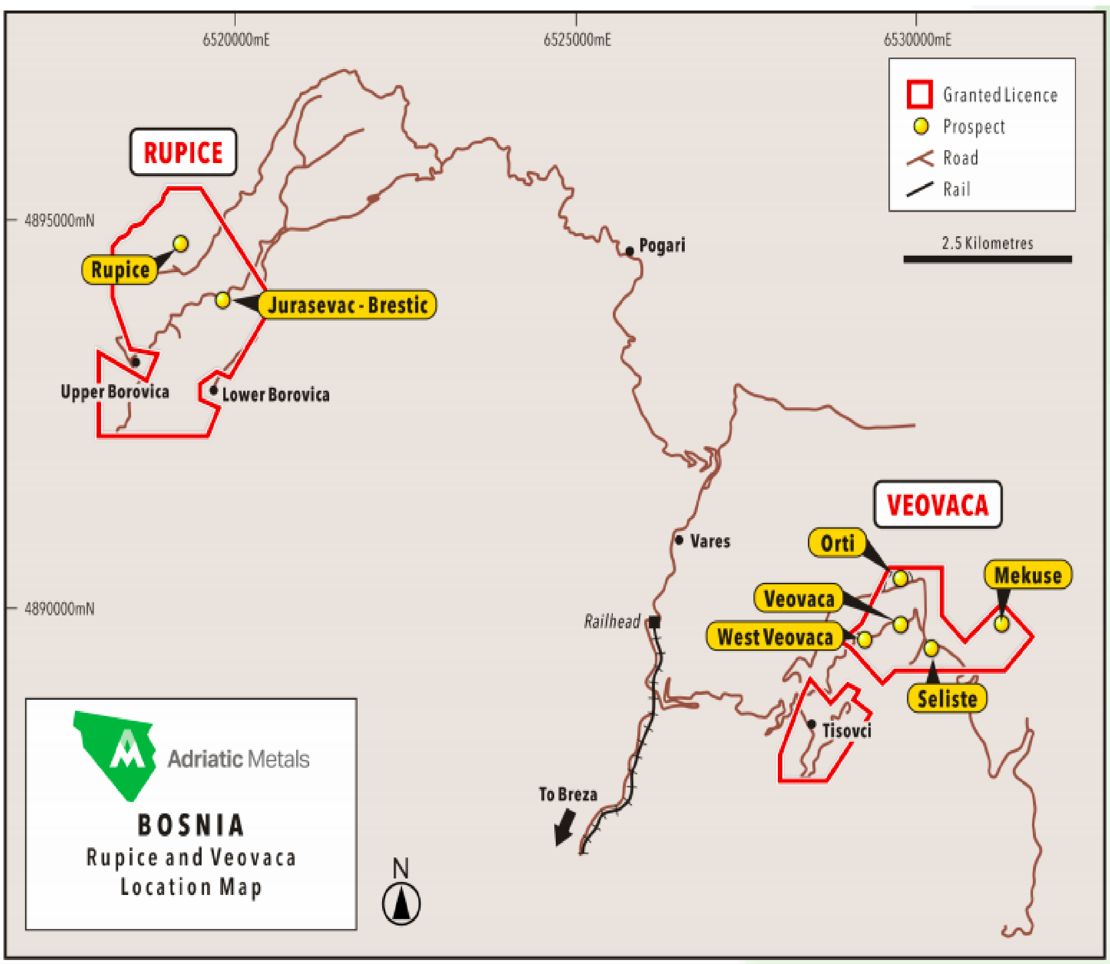
It's been an action-packed six months since I last wrote about ADT. On Sept 18th, the company announced that Paul Cronin had formally become Managing Partner and CEO of Adriatic. This didn't come as a surprise to anybody following Adriatic closely – Paul is a founder of the company, one of the largest shareholders, and had been serving as de-facto CEO for many months prior. I know Paul well and feel very comfortable with him at the helm of the company.

On Sept 25th, Adriatic Metals announced the first metallurgical results at its crown jewel Rupice deposit. Given that Rupice is a polymetallic deposit with no less than six potentially payable metals (gold, silver, zinc, lead, copper, barite), metallurgy remained a key question mark and a potential risk. The initial results exceeded market expectations – with Zn, Ag, Au and Pb recoveries of 82%, 93%, 68% and 90% reporting to a copper/lead concentrate with high silver/gold grades and a zinc concentrate with some gold credits. Also produced was a barite concentrate grading 94.1% with recoveries of 71.7%.

ADT followed up on these met results just last week - when the company confirmed that it is possible to produce a separate copper concentrate through froth flotation, in addition to the previously announced zinc, lead, and barite concentrates. According to CEO Paul Cronin, the addition of a copper concentrate "will have a very positive effect on the aggregate revenues generated from concentrate sales…

increasing potential copper, silver and gold payability significantly." The company also noted that, when compared to the results of the previous metallurgical test work, the levels of deleterious elements are lower and while these "may still incur minor smelter penalties, these are not expected to be material". While met optimizations will of course continue, ADT shareholders can expect a flowsheet yielding separate copper, zinc, lead, and barite concentrates in the upcoming Prefeasibility Study expected in mid 2020.

On the exploration front, four rigs remain active at the overall Vares Project (see map below) – with the current focus on Rupice South, Jurasevac-Brestic, and the Veovaca satellite prospects. On Jan 16th, the company announced that hole BR-49-19 had intercepted a stunning 11.3m @ 4.37g/t Au, 406g/t Ag, 16.1% Zn, 9.8% Pb, 1% Cu, 50% BaSO4 to the south of known mineralization at Rupice. In the press release, ADT notes that hole BR-49-19 was "the highest grade intercept drilled at Rupice to date" and that the mineralization "still remains open along strike to the south towards the Jurasevac-Brestic prospect". This one-kilometer corridor between Rupice South and Jurasevac-Brestic will be a keen area of interest for the company moving forward.



Source: Adriatic Corporate Presentation. January 2020. https://www.investi.com.au/api/announcements/adt/c719e7c5-3d8.pdf

We can also expect drilling to commence shortly at the Borovica prospect, which is located in the southern portion of the Rupice license. This target has yet to be drilled by Adriatic Metals, though the company does have access to some Soviet-era historical results with only zinc and lead assayed. After conducting soil geo-chemistry and an IP survey at Borovica in 2019, ADT now has sufficient confidence to poke its first drill holes into the target – with initial results expected in the coming months.

But by far the most significant development was the release of the much-anticipated Scoping Study in late November. This was the company's first opportunity to assign economics to its Vares Proejct in Bosnia, and the results (see headline numbers below) did not disappoint.

EPCM & Infrastructure	US$m			61
Mine Capex	US$m			18
Plant Capex	US$m			58.
Contingency – 30%				41
Total Capex	US$m			**178**
Post Tax Net Present Value @ 8% Discount	US$m			916.6
Post Tax Internal Rate of Return	%			107.4%
Payback from Project Start	Months			21
Payback from Processing Start	Months			8

Source: Adriatic news release. 19 Nov 2019. https://www.investi.com.au/api/announcements/adt/d6d7a8c4-071.pdf

In a previous ADT update, I speculated that in the Scoping Study "an after-tax IRR of well over 50% and an after-tax NPV 3-4 times higher than the initial capex are within the realm of possibility". In hindsight, this was far too conservative - with the Scoping Study outlining an after-tax IRR of 107% and an after-tax NPV to total capex ratio north of five. By any standard, these are world-class economics that are very rarely associated with an undeveloped mineral deposit.

For some context, SilverCrest Metals announced the results of a PEA at its Las Chispas Project in May 2019. At $1450 Au and $19 Ag, the study outlined an initial capex of US$100m, an after-tax NPV_5 of US$507m, and an after-tax IRR of 91%. With these economic numbers, Las Chispas is undoubtedly a world-class project in its own right – with a similarly high IRR and an after-tax NPV to capex ratio also north of five. And the market has noticed – with SilverCrest Metals currently valued at a fully-diluted market capitalization of over US$800m, or 158% of the after-tax NPV_5 outlined in the May 2019 PEA.

Adriatic meanwhile has a fully diluted market capitalization of US$225m, or only 25% of the after-tax NPV_8 outlined in the November 2019 Scoping Study. Or put another way, Adriatic Metals has a market capitalization that is less than one-third of SilverCrest's – despite the Vares Scoping Study showing an after-tax NPV that is 82% larger than the US$507m NPV outlined in the Las Chispas PEA.

Does SilverCrest deserve to be valued at a premium to Adriatic? Probably yes. Las Chispas is (1) a more advanced asset, (2) located in Mexico instead of Bosnia, and (3) led by the serially successful Eric Fier. But I think that even the staunchest SilverCrest bull would concede that the valuation discrepancy between the two companies is extreme and that, on a relative basis, Adriatic Metals and its Vares Project look to be substantially undervalued.

I've provided below the company milestones that can be expected over the coming twelve months. The most significant near-term catalyst is the expected receipt of the Veovaca Exploitation Permit in Q1 2020. Permitting remains a key risk for ADT shareholders and, despite the fact that the Veovaca deposit won't begin producing until year ten of the envisioned mine plan, timely receipt of the Exploitation Permit will reassure the market (and potential acquirers) that follow-on permitting at Rupice is possible.

- Exploitation Permit granted at Veovaca **by end Q1 2020**
- First drill results at Orti prospect **by end Q2 2020**
- First drill results at Borovica prospect **by end Q2 2020**
- New regional land concessions granted **by end Q2 2020**
- Prefeasibility Study announced **by end Q2 2020**
- Exploitation Permit granted at Rupice **by end Q2 2020**
- Feasibility Study announced **by end Q1 2021**
- Completion of Environmental & Social Impact Assessment (ESIA) **by end Q1 2021**

Due to the sensational economic numbers and clear district-scale potential of the Vares Project, I'm now of the opinion that Adriatic Metals should be valued at 0.5x of the after-tax NPV outlined in the recent Scoping Study. This is slightly more aggressive than the 0.425x NPV multiple at which Mariana Resources and its high-grade, polymetallic Hod Maden Project was taken out by Sandstorm Gold in mid 2017, but that was in a weaker metals market. It is nowhere near the current SilverCrest multiple discussed earlier.

Conveniently, a 0.5x NPV multiple comes out to exactly A$3.00 per fully-diluted ADT share – a healthy 86% premium to the current share price. Barring an unexpected permitting snag, we do not plan to take further profits until this share price level is reached at the very minimum. I will reevaluate once either (1) the Prefeasibility Study is released in mid 2020 or (2) the company makes an economic discovery at Orti, Borovica, or Veovaca West. With a working capital position of just over A$30m, Adriatic Metals is fully funded through a construction decision and remains a very easy hold.

Golden Valley Mines (TSXV: GZZ)

Featured In: **July 2018**
Average Cost per Share: **C$0.27**
Current Market Price (Jan 30, 2020): **C$0.55**

Golden Valley Mines remains a long-term holding of the MJG partnership – with first shares purchased in April 2016. The GZZ share price has appreciated roughly 60% since I last wrote about the company six months ago, but the story remains very much the same. Golden Valley's fully diluted market cap of C$81m still sits 27% below the market value of GZZ's 44.6% equity stake (5,605,246 shares) in Abitibi Royalties (TSXV: RZZ).

The rest of the company comes for free - including a 2.5-4% sliding NSR at the Cheechoo Project owned by Sirios Resources, a 3% NSR and 15% free-carried interest at Bonterra's Lac Barry Property, a 1.5% NSR and 20% free-carried interest at the Centremaque Property (once O3 Mining completes its earn in), exposure to a large portfolio of prospective grassroots properties in the Abitibi Greenstone Belt, and, perhaps most significantly, the IP of proven mine-finder CEO Glenn Mullan.

From all appearances, the primary driver of Golden Valley's performance over past six months has been the re-rating of the Abitibi Royalties share price. (RZZ was up 52% over this period versus 57% for GZZ.) There are a few factors behind this exceptional share price performance on the part of RZZ that I'd be remiss not to mention.

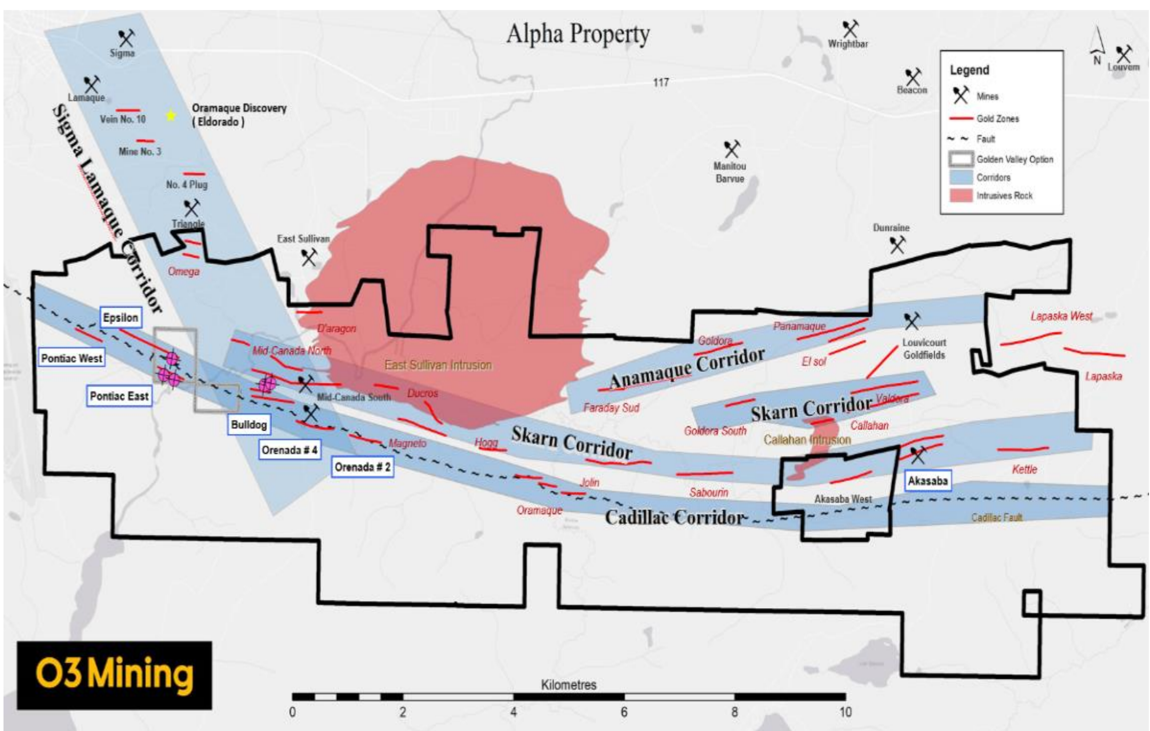
The first is that the precious metal royalty space has been on an absolute tear since Q4 2018. As I noted six months ago: *"Given the flood of capital currently entering the mining royalty space, we have seen the major royalty companies setting either multi-year or all-time highs. Abitibi Royalties and other high-quality junior royalty names will likely follow suit in the coming weeks."* This has proven to be the case – with Abitibi Royalties, EMX, Metalla, and Maverix all hitting 52-week highs in the past month. So there's no doubt that the market's continued embrace of the royalty business model has been a major tailwind for Abitibi Royalties.

There have also however been some significant company-specific developments that have contributed to the excitement. In early September 2019, Yamana provided an exploration update for the Canadian Malartic Mine that is jointly held with Agnico Eagle. (Abitibi Royalties of course owns a 3% NSR over much of the Canadian Malartic operation, with exposure to the East Malartic, Odyssey, Sladen, Sheehan, Jeffrey, Barnat Extension, Gouldie, and Charlie deposits.) The Yamana update reported a more than doubling of the East Malartic resource to 3.24m inferred ounces grading 1.98 g/t, which demonstrates that the East Malartic zone alone has the potential to spit off royalty cashflow well past 2030. Potentially more significant, Yamana also reported that the East Malartic, East Gouldie, and Sladen zones seem to be converging at depth. This has the potential to be a game changer for Abitibi Royalties, though it will take significantly more drilling to confirm whether (a) the zones do in fact converge in economic mineralization and (b) if so, how much of this mineralization falls under the 3% NSR. Both of these questions are of acute interest to both Abitibi Royalties and Golden Valley shareholders.

Yet another factor behind Abitibi Royalties strong share price performance was the initiation in September of dividend payments and, just last week, the announcement that the dividend was being increased by 25% to C$0.15 per common share on an annualized basis and that distributions would be made monthly instead of quarterly. While the current dividend yield of roughly 0.80% doesn't jump off the page, this was a smart move by Abitibi Royalties - both Metalla and Maverix have demonstrated that junior royalty companies can access a whole new subset of dividend-focused investors by initiating even a small dividend. (The dividend is doubly positive for Golden Valley shareholders, as it now means that Golden Valley can expect to receive ~C$875k in annual dividend payments at the current rate. Between this dividend income, the company's cash position of ~C$2m, and its marketable securities portfolio worth north of C$110m, there is no need for Golden Valley to issue equity ever again.)

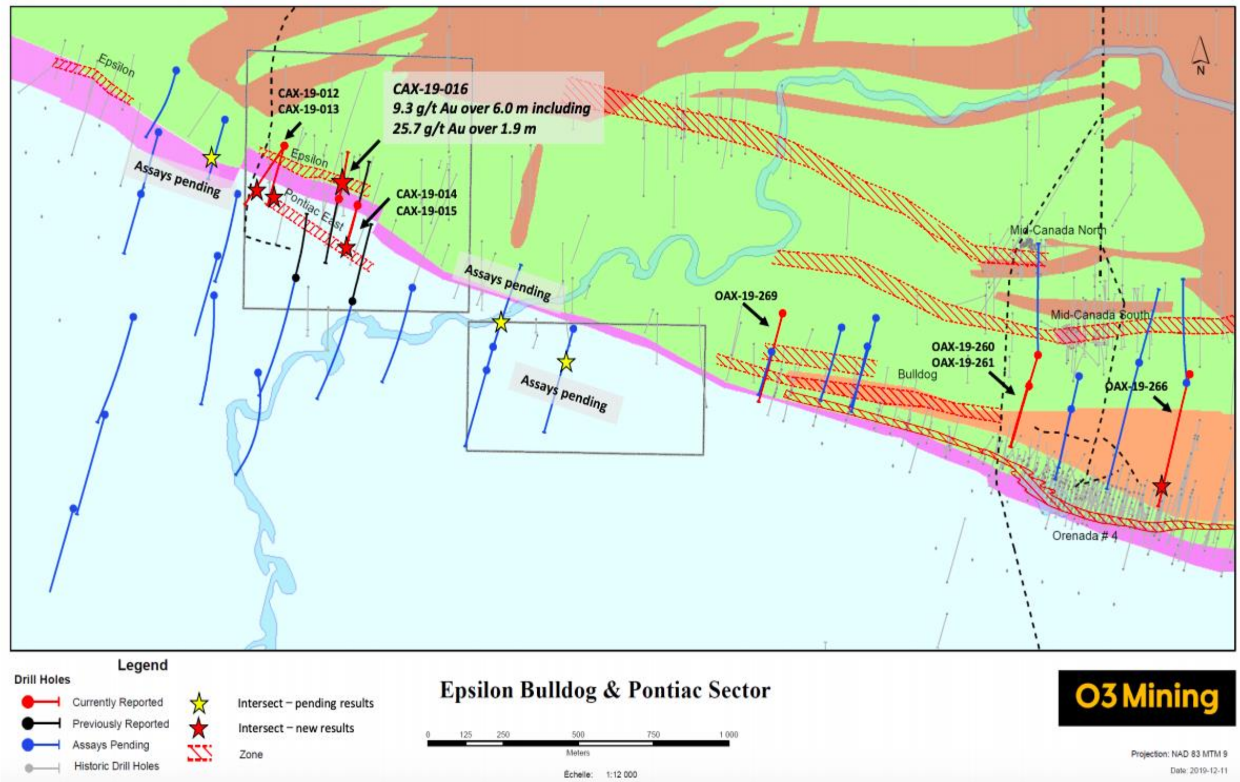
As mentioned, Golden Valley's share price performance over the past six months can be attributed solely to the increase in the Abitibi Royalties share price. However, there has been much going on behind the scenes at Golden Valley that bodes very well for the company but has so far has been ignored by the market.

Most significant has been the aggressive and ongoing drill campaign conducted by earn-in partner O3 Mining at Golden Valley's Centremaque Property. As displayed by the two grey boxes in the map below, the Centremaque claims are located towards the western flank of O3 Mining's Alpha Property. O3 Mining has so far spent roughly C$1m of the C$4m required to earn an 80% interest in Centremaque, which would leave Golden Valley with a 20% free-carried interest and a 1.5% NSR (0.5% subject to a buyback for C$1m).



Source: O3 Mining news release. 20 January 2020. https://finance.yahoo.com/news/o3-mining-2020-exploration-outlook-120010157.html

O3 Mining drilled 44 holes totaling 17,676m at the Alpha Property in the second half of 2019 – with a disproportionate amount of this drilling occurring on the Centremaque claim block or in the immediate vicinity. A major breakthrough was announced on December 12, 2019, when O3 Mining reported that hole CAX-19-016 had hit 6 meters of 9.3 g/t Au (including 1.9m of 25.7 g/t Au) at the Epsilon zone. As seen in the below map provided with the news release, CAX-19-016 occurred right in the middle of the Centremaque claim block – which covers the eastern half of the Epsilon zone as well as the Pontiac East zone.



Source: O3 Mining news release. 12 Dec 2019. https://o3mining.ca/news-media/o3-mining-intersects-93-g/t-au-over-60-m-including-257-g/t-au-over-19-m-at-epsilon

This intersection of 55.8 gram-meters was the single highest grade hit at the Alpha Property in 2019 and is a ripe target for follow up drill testing. Sure enough, O3 Mining announced on January 20th that it would be drilling an additional 25,000 meters at the Alpha Property in 2020 and that "the drill program will also follow up on significant intercepts obtained in 2019 at Pontiac East and Epsilon zones". It's worth reminding readers that O3 Mining is backed by the aggressive and well-financed Osisko Group, which means that this upcoming drill program will have plenty of market visibility. We can expect the first batch of assays in Q2, if not sooner. While the preliminary success at Centremaque has yet to be reflected in the GZZ share price, I suspect that this will change in 2020 should we see additional positive drill results at either the Epsilon or Pontiac East zones.

Another "behind the scenes" development yet to be reflected in the GZZ share price is the recent movement from the long-dormant Val-d'Or Mining (TSXV: VZZ). For some context, Golden Valley announced in April 2017 that it had granted Val-d'Or Mining the option to acquire a 100% interest in a portfolio of 61 grassroots properties in NE Ontario and NW Quebec in exchange for a C$4m work commitment, 16,666,668 shares of VZZ, and a 1.25% NSR over the whole portfolio (1% subject to a buyback for C$5m). From Golden Valley's perspective, this was done to outsource the holding cost of this large grassroots portfolio with the express goal of lowering the GZZ burn rate to avoid any dilution.

On December 5th, 2019, Val-d'Or Mining (of which Golden Valley owns 37.2%) announced that it had exercised its option and acquired a 100% interest in the 61 properties in question. There was a small tweak to the agreement as Golden Valley allowed VZZ to acquire its 100% interest without reaching the full C$4m work commitment. In exchange, VZZ has agreed to pay Golden Valley "20% of the proceeds of all third-party transactions pertaining to the Properties that the Company enters into and announces on or before December 31, 2022". Once I saw this news release, I suspected that a transaction may be on its way. The Abitibi Greenstone Belt is a very hot region at the moment for mineral exploration, in part due to O3 Mining's efforts over the past 12 months to consolidate the Val d'Or district.

Sure enough, VZZ announced on December 23rd that it had sold ten of its sixty-one properties to Progenitor Metals Corp. In consideration for the properties (collectively referred to as the "Horne North Prospects), Progenitor will pay VZZ "5,345,657 shares in the capital of Progenitor Metals at a deemed value of $0.20, for an aggregate deemed consideration of $1,069,131.40. The payment shares will be split between Val-d'Or Mining and Golden Valley Mines, whereby Val-d'Or Mining will retain 80% of the aggregate consideration (4,276,526 shares) and Golden Valley Mines will receive 20% of the consideration (1,069,131 shares)." Progenitor is a new vehicle spawned from Ore Capital Partners anticipated to go public later this year.

This is good news to Golden Valley (and its 37.2% ownership in VZZ) for a few reasons. First, this deal gets the Horne North Prospects into the hands of a credible group willing to spend its own money to advance the properties. Second, it gives GZZ shareholders exposure to yet another equity position that "comes for free" at the company's current valuation. And third, this signals that more VZZ deals are on the horizon for the remaining fifty-one 100%-owned properties. I expect similar transactions to be announced in the coming 12 months, providing additional news flow for both VZZ and GZZ shareholders.

I've provided below the Golden Valley milestones expected over the coming year. I've also included milestones pertinent to Abitibi Royalties and Val-d'Or Mining, given Golden Valley's large equity stakes in both companies. Most significant to the GZZ share price are the handful of near-time catalysts expected at the Canadian Malartic in Q1 2020, as well as the next round of Centremaque drill results from O3 Mining at the Epsilon and Pontiac East zones.

- First production at Barnat Extension at Canadian Malartic (RZZ 3% NSR) **by end Q1 2020**
- Canadian Malartic underground PEA announced **by end Q1 2020**
- Development decision on underground mining at Odyssey and East Malartic **by end Q1 2020**
- Drill results from O3 Mining at Centremaque **by end Q2 2020**
- RZZ provides resource update for areas covered by its NSR at Canadian Malartic **by end Q2 2020**

- Break ground on underground ramp to access Odyssey and East Malartic **by end Q2 2020**
- Val-d'Or Mining announces new transactions **by end 2020**

As I've said before, I view buying Golden Valley shares as akin to paying 73 cents for 1 dollar – and getting a handful of lottery tickets for free. This to me is an excellent risk/reward proposition that will appeal in particular to deep value investors. We will continue to hold our full position in GZZ and have no plans to take profits until we see a positive enterprise value.

Sama Resources (TSXV: SME)

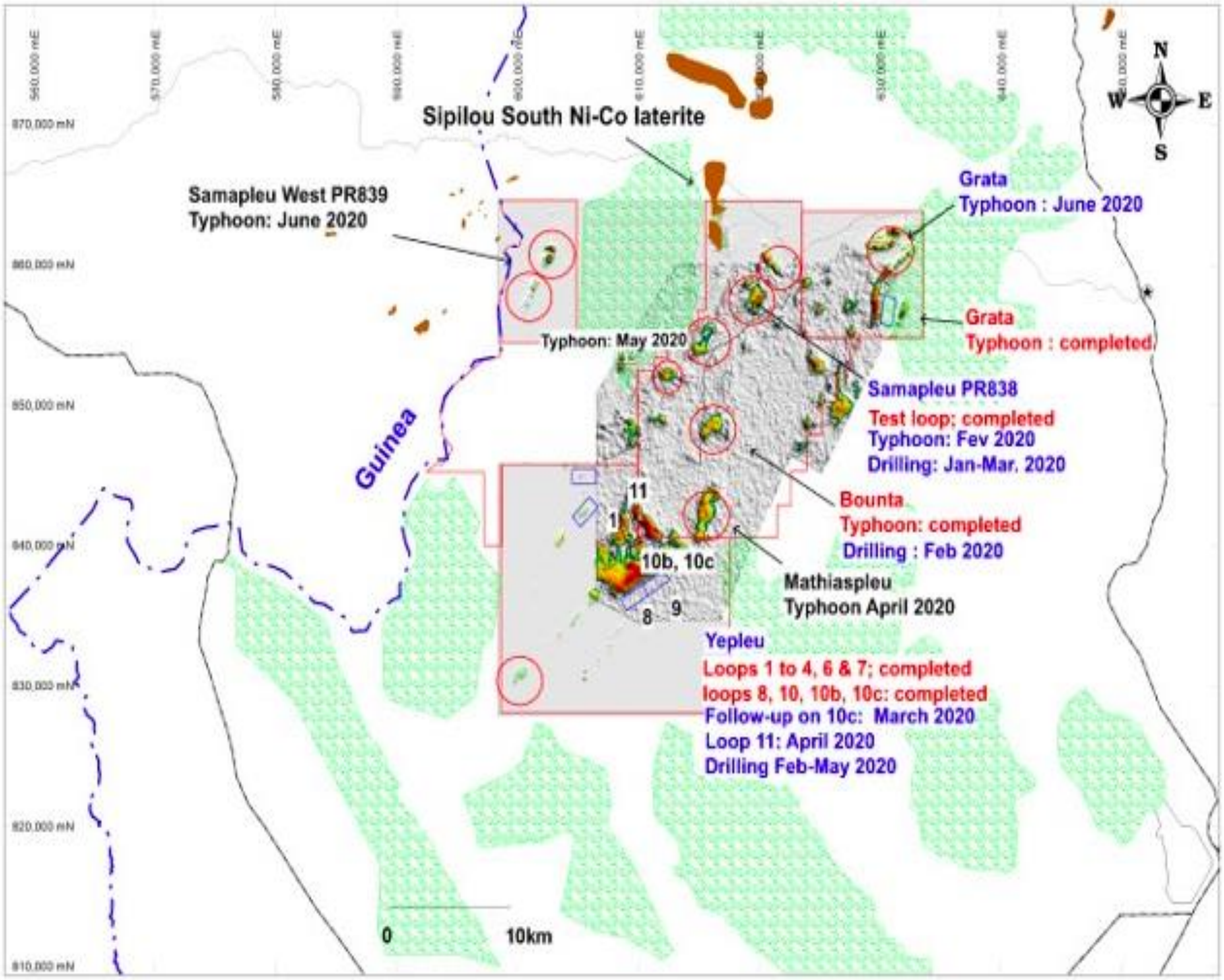
Featured In: **January 2018**
Average Cost per Share: **C$0.14**
Current Market Price (Jan 30, 2020): **C$0.24**

The partnership first initiated a position in Sama Resources through a private placement in late 2016. From a share price perspective, it was a rocky year for SME – with the share price falling as low as C$0.15 in early October after beginning 2019 north of C$0.30. We used this weakness to add to our position at C$0.17, which increases our cost basis to C$0.14 per share.

The culprit for this share price weakness has been a distinct lack of news flow since the Phase I drill program was completed last spring. In fact, there have only been three press releases issued since I last wrote about SME six months ago. Perhaps understandably, the market has interpreted this as a sign that the project has stalled and that earn-in partner HPX may have lost interest. However, those of us following the story closely know that this is far from the case.

Sama has spent the past few months putting HPX's proprietary Typhoon technology to good use on its sprawling Ivory Coast land package. In Q4 2019, two Typhoon loops were completed at the Grata target as well as a "tight loop" in the corridor between Samapleu Main and Samapleu Extension. The Typhoon rig is currently at the Yepleu target – with two loops completed and two to go. The rig will then be moved back to Samapleu Main and Samapleu Extension, which suggests that the Sama/HPX technical team were encouraged by the results of the "tight loop" done previously.

As shown in the below map, the Typhoon rig is expected to revisit the Yepleu and Grata targets in the coming months, while also traveling to the Samapleu West and Mathiaspleu targets for a first pass assessment. The map also shows expected drill dates for the more established targets like Samapleu Main + Exentension, Bounta, and Yepleu.



Source: Sama Press Release. 29 Jan 2020. http://secure.campaigner.com/csb/Public/show/540l-1q3poh--ofr5o-5rfnbwk1

There are only three operating Typhoon rigs on the planet, and the fact that one of them continues to run non-stop in the Ivory Coast demonstrates HPX's commitment to the project. This commitment was made doubly clear on December 19th when Sama announced that HPX had exercised 17,857,143 SME share purchase warrants at C$0.28 for gross proceeds of C$5m. (Independent of the earn-in agreement, HPX also owns 27% of Sama on a fully diluted basis.) This C$0.28 warrant exercise was significant as the share price opened December 19th at C$0.19 – a full 30% below the warrant exercise price. The SME share price reacted to the news, rising as high as C$0.29 in the days after the announcement. But Sama has since pulled back to C$0.24 and now sits ~15% below the C$0.28 level.

On January 29th, Sama announced results from the first drill hole of the 2020 campaign. Hole SM2020-1 tested a shallow target defined by the recent Typhoon "tight loop" in the corridor between Samapleu Main and Extension – intersecting 4.6m of 1.98% nickel, 0.92% copper, 2.54 g/t palladium. This hole was drilled 200m to the southwest of the current Samapleu Extension mineral resource, hence extending the mineralized trend at the deposit. While the grades look good, the length of the intersection is unlikely to impress the market – though the Sama/HPX technical committee remains encouraged that the Typhoon survey data continues to be validated by drilling.

But more importantly, the news release notes that "a second drill rig is currently set to test the 700m deep Typhoon target at Samapleu". This is referring to the high-powered diamond drill capable of drilling to a depth of 1500m that is on route to site (expected to arrive in February). Once the high-powered rig arrives, it will begin at Samapleu Main and Samapleu Extension where three 1000m holes are planned. Assays from these three holes will be announced sometime in Q2 2020. Depending on the results, the rig will either continue turning at Samapleu Main and Samapleu Extension or be moved to one of the other numerous deep targets on the property. According to Sama's most recent corporate presentation, a minimum of 6000m of drilling is planned for 2020.

I've included below the milestones that Sama shareholders can expect over the coming months. Given the company's outsized ownership position in SRG Mining, major milestones expected at Lola have been included as well. The most significant catalyst for SME shareholders is assay results from the three deep holes at Samapleu Main + Extension, which should be announced in Q2 2020.

- High-powered drill rig (capacity to drill to 1500m depth) arrives on site **by end February 2020**
- Additional typhoon loops completed at Samapleu Main + Extension **by end February 2020**
- Offtake announced for remaining 40% of production at SRG's Lola Project **by end Q1 2020**
- Drill results from high-powered drill at Samapleu Main + Extension **by end Q2 2020**
- First typhoon loop(s) completed at Mathiaspleu **by end Q2 2020**
- First typhoon loop(s) completed at Samapleu West **by end Q2 2020**
- Construction financing finalized at SRG's Lola Project **by end Q2 2020**
- Break ground at SRG's Lola Project **by end Q3 2020**
- Two additional PR licenses granted **by end 2020**
- EIS approval at Samapleu **by end 2020**
- First production at SRG's Lola Project **by end 2021**

With a fully diluted share count of 246m, Sama has a market capitalization of roughly C$59m at the current share price. The company has an outsized working capital position with C$7m in cash and C$17.5m in shares of SRG Mining (TSXV: SRG). This implies a valuation of just under C$35m for Sama's stake in the joint venture with HPX – an enticing speculation given the quality of the technical talent involved, the financial backing by Robert Friedland, and the sheer size of the prize that HPX and Sama are chasing. We will continue to be patient with our investment in SME, which is particularly easy with the Phase II drill program now in full swing.

Ardea Resources (ASX: ARL)

Featured In: **July 2017**
Average Cost per Share: **A$0.58**
Current Market Price (Jan 30, 2020): **A$0.49**

The MJG partnership has owned shares of Ardea Resources since mid 2017 – with an average cost basis of C$0.58. An investment in Ardea remains a leveraged bet on the prices of nickel and cobalt. I am not generally a fan of these so-called "optionality bets" (i.e. large, low-grade development-stage assets uneconomic at current metal prices but acutely leveraged to metal price increases). However, I've made an exception for Ardea due to (a) the company's outsized working capital position which will stave off further dilution for at least another 18 months and (b) my conviction that the prices of battery-grade nickel and cobalt sulfate are due for significant increases in the years ahead as the world continues to electrify.

When I last wrote about Ardea six months ago, the nickel price had undergone a 40% increase in the previous ninety days due to supply concerns coming out of Indonesia. While this sharp spike of speculative interest in nickel was no doubt an exciting development, I cautioned readers "that the current surge of interest in nickel and nickel equities could be derailed by broader macroeconomic worries". Sure enough, this has been the case – with the nickel price falling sharply from a high of US$8.45 per pound in late August to US$5.70 today. The primary reason for this decline was broad weakness across base and energy metals due to trade war concerns and an obstinately strong US dollar. Another culprit was speculative overexuberance surrounding the supply-related developments in Indonesia last year. In the end, the nickel price still ended the year up nearly 30% but, to many speculators, it felt like a down year.

Despite the nickel price weakness over the preceding six months, the ARL share price has held in there quite well and is up 15% since I last wrote about the company. This is thanks in large part to the company's successful spin out of its extensive NSW land package into Godolphin Resources (ASX: GRL). The spin out, which officially was completed on Dec 18th, was a big deal for the company for a few reasons. First and most importantly, the spin further focuses Ardea on its flagship Goongarrie Nickel Cobalt Project (GNCP) and lowers the company's annual overhead by offloading the holding cost of the NSW project portfolio to Godolphin. Secondly, the spin out increases Ardea's enviable working capital position of ~A$10.5m by adding A$981k in cash, up to 1 million GRL shares, and 15 million GRL options priced at A$0.25 to the Ardea treasury. And finally, the spin out looks to have driven some significant buying of ARL shares in advance of the in specie distribution. In the 45 days before the Dec 3rd record date, we saw the share price rise as high as A$0.74 – a full 70% higher than the A$0.44 share price seen in mid-October. While the ARL share price has come off its highs in the weeks since the Godolphin spin out was completed, it still remains well above the share price level seen pre- transaction.

Unlike most of our investments, I want Ardea to do as little as possible as we wait for higher nickel and/or cobalt prices. As I mentioned in the last ARL update:

"The most important of these tasks is to minimize share dilution. A skyrocketing nickel price a few years from now will do Ardea shareholders no good if they've been diluted to oblivion in the meantime. This is why the company's outsized A$11m cash position is so crucial to the success of this story. It is essential for management to slash company overhead to the absolute minimum and to resist the temptation of pursuing non-core opportunities. In light of the recently announced A$2.5m R&D refund from the Australian Tax Office, my expectation is for the Ardea treasury to last into 2021 – giving shareholders a runway of eighteen months before share dilution becomes a serious worry."

I'm happy to report that, as of December 31st, 2019, Ardea still had A$10.7m in the treasury – indicating a net burn of less than A$500k over the past six months. While this was no doubt helped by the R&D tax refund and the cash/shares received from the Godolphin spin out, it demonstrates why I am confident that the company can go at least another 18 months without further share dilution.

Ardea continues to make measured progress at the GNCP – which is the subset of the KNP on which the company has focused its development efforts. The company has continued its pre-feasibility study optimization work streams including flow-sheet development, bench scale metallurgy, resource reporting, resource modelling, pit optimization, mine planning reporting, ground water assessment, and tenement consolidation. During 2020, these work streams will also extend to a recently announced project expansion study termed "WINNER", referring to Water, Inpit Neutraliser and Nickel Enhanced Reserve study (WINNER). This initiative will leverage Ardea's extensive nickel/cobalt resource base on the greater KNP land package. Other deposits within hauling distance, initially Highway and Siberia North, will be appraised for selective high-grade (>1% nickel) plant feed. The aim is to optimize plant feed grades to a 2Mtpa Pressure Acid Leach plant exceeding 1% nickel for at least the initial 15 years of mine life.

Remember that the company has made the decision to not formally initiate a GNCP feasibility study until a strategic partner has committed to the project. This is a smart move by ARL management, as it ensures that the company's enviable working capital position won't be wasted on a potentially irrelevant study (project specifications will differ depending on the needs of the strategic partner ultimately selected). KPMG continues to lead discussions with potential international project partners interested in securing nickel and cobalt offtake from the GNCP. The company has made clear that offtake rights must include a project funding commitment from the partner. My expectation is that one or more strategic partners will be secured before Ardea next has to raise money.

Separate from the GNCP, Ardea has just completed a small 1500m RC drill program at its Mulga Plum gold prospect – with drill results expected in February or March. The company also plans to drill its Big Four and Lady Isobel gold prospects in Q1 2020. While these programs will supply some news flow in the months ahead, I continue to urge Ardea management to preserve cash and keep the focus on the GNCP.

I've provided below the milestones that Ardea shareholders should expect over the coming year. Absent an unexpected gold discovery at either Mulga Plum, Big Four, or Lady Isobel, the announcement of a strategic partner at the GNCP is the milestone most likely to drive a re-rate of the Ardea share price.

- RC drill results (1500m) at Mulga Plum **by end Q1 2020**
- RC drill results at Big Four **by end Q1 2020**
- RC drill results at Lady Isobel **by end Q1 2020**
- Water assessment drilling at the Papertalk West palaeo-channel **by end Q2 2020**
- Updated resource and reserve estimate at GNCP **by end Q3 2020**
- Maiden scandium resource at GNCP **by end Q3 2020**
- Partner/sale at Mt Zephyr-Darlot East **by end 2020**
- Strategic partner(s) announced at GNCP with concurrent financing **by end 2020**

For the time being, the ARL share price can be expected to track closely with investor sentiment for battery metals. I continue to stress to management that “less is more” and that the company should do everything within its power to lengthen out runway before the next capital raise. If the company gets too distracted with non-core activities, I won’t hesitate to liquidate our position.

Excelsior Mining (TSXV: MIN)

Featured In: **July 2016**
Average Cost per Share: **C$0.24**
Current Market Price (Jan 30, 2020): **C$1.10**

Excelsior Mining remains one of the MJG partnership’s longest held investments – with first shares purchased in July 2014. Our initial investment in Excelsior came on the heels of the 2014 Prefeasibility Study which outlined an after-tax NPV_{10} of US$655m, an after-tax IRR of 44.7%, an after-tax payback of 2.4 years, and a reasonable initial capex of US$284m for the proposed ISR operation at Gunnison. At the time, Excelsior had a valuation of roughly US$40m, or a meagre 6% of after-tax NPV. (PFS stage projects with comparable economics are generally valued at 20% of after-tax NPV, if not 30-40%.) After conducting a site visit and becoming comfortable with the company’s management, financial structure, and game plan to advance the project, I determined that the risk/reward for MIN shareholders was decidedly favorable and initiated the position.

However, I knew at the time of purchase that there were three key hurdles to overcome before the company could realize its vision of turning Gunnison into the United States’ newest copper mine. First, MIN would have to successfully navigate the ISR permitting process for both the EPA and Arizona state agencies. Next, the company would have to secure a construction financing package not onerously dilutive to common shareholders. Finally, the company would have to prove that the ISR mining method works at Gunnison and that the economics outlined in the 2014 PFS and 2016 FS are indeed achievable.

We can safely say at this point that the Excelsior team has triumphed in regard to the first two hurdles. On the permitting front, the breakthrough occurred in late 2018 when the company officially received the Federal EPA UIC Permit – the final federal permit necessary for the company to begin construction at Gunnison (which it did in December 2018). And if there were any lingering doubts about the permitting situation, those were resolved on Dec 23, 2019 when the company confirmed that it had received approval from the EPA to commence operations at Gunnison's newly constructed wellfield and production facility. While there are other variables at play (including the end of tax loss season), it is not a coincidence that MIN shares are up roughly 17% since receiving the final thumbs up from the EPA just a few weeks ago.

The challenge of financing the project without blowing out shareholders has also been successfully navigated by Excelsior. The big breakthrough occurred all the way back in late 2015 when Excelsior announced the acquisition of the nearby Johnson Camp SX-EW facility for pennies on the dollar from a distressed third party. This lowered the initial capex requirements for Gunnison markedly, allowing Excelsior to complete Stage 1 construction in 2019 at a cost of less than US$100m (compared to an initial capex of US$284m in the 2014 Prefeasibility Study, which was pre-Johnson Camp acquisition). The Triple Flag US$75m financing package announced in late 2018 was of course another significant milestone. Only US$10m of this was equity, with the remaining US$65m coming in the form of a copper stream. Including a US$9.4m equity placement from shareholder Greenstone Resources (which happened in tandem with the Triple Flag financing) and an additional 3.5m warrants issued to Triple Flag, the entire construction financing package increased the company's fully diluted share count by only 13%, or roughly 30m shares. I view this as a fantastic achievement, particularly given the subdued copper price we've seen over the past 18 months.

It is now time for CEO Stephen Twyerould, COO Roland Goodgame, and the rest of the Excelsior team to take on the third challenge and prove to the market that the now operating Gunnison Mine can perform to the expectations set in the past economic studies. Despite the fact that Gunnison is now an operating mine, the company's fully-diluted market capitalization of roughly C$280m is only 52% of the C$535m after-tax $NPV_{7.5}$ outlined in the Feasibility Study (assuming US$2.60 copper and adjusted for the Triple Flag stream). This indicates that the market remains skeptical about the company's ability to hit the Stage 1 production target of 25m pounds per annum by mid 2020, and to eventually scale up to Stage 2 (75m lbs/yr) and Stage 3 (125m lbs/yr) through organic cashflow.

Can Excelsior prove the market wrong yet again? The jury is still very much out, but the initial signs are good. Shortly after the first acid injection in December 2019, the company announced on January 8th that "initial copper recovery grades are exceeding feasibility study expectations" and that the current pregnant leach solution (PLS) grade of 0.15 grams per liter is well ahead of schedule.

Source: @ExcelsiorMining on Twitter. 8 January 2020. **https://twitter.com/ExcelsiorMining/status/1154751973133914114**

In layman's terms, this means that the acid currently circulating through the Gunnison production wellfield is recovering copper at a faster rate than was assumed in the Feasibility Study. This is great news – wellfield recoveries are the key variable to the success of any ISR operation and actual recoveries can differ dramatically from expectations. For Gunnison specifically, I know for a fact that there was some concern that Excelsior was too aggressive with wellfield recovery assumptions in the company's economic studies. But based on this new data, we are presented with the possibility that Excelsior was perhaps too conservative with the assumed recoveries, which of course would be excellent news for MIN shareholders. There's no reason to celebrate just yet as it is still very early days; however, the initial indications are indeed positive.

Over the next six months, there are two milestones that market will be watching for to determine whether things are on track at Gunnison. First, Excelsior has guided for some time now that first copper cathode sales can be expected in Q1 2020. I thoroughly expect this milestone to be hit, and it may happen as soon as February.

More significantly, the company's stated goal is to reach Stage 1 nameplate capacity (25m lbs/yr) by mid 2020. This is a make or break milestone for Excelsior and, if the company can achieve Stage 1 nameplate capacity in a timely manner and without any serious hitches, the market will begin to realize that the company's plan to eventually scale up to Stage 3 (125m lbs/yr) isn't too far-fetched. On the flip side, failure to achieve this milestone will throw the viability of the whole operation into doubt. This is by far the company's most significant catalyst in 2020.

I've included below a comprehensive list of the milestones that MIN shareholders can expect over the coming years. As mentioned, the most significant of the bunch is whether Gunnison achieves its stated Stage 1 nameplate production rate by mid 2020.

- First copper cathode sales @ Gunnison **by end March 2020**
- Stage 1 nameplate production capacity achieved (25m lbs/yr) **by end Q2 2020**
- Decision on whether to skip Stage 2 and go straight to Stage 3 **by end Q2 2021**
- Break ground on Stage 2/Stage 3 expansion **by end Q2 2022**
- Stage 2/Stage 3 nameplate production capacity achieved **by end 2024**

Excelsior's fully-diluted market capitalization of C$280m is just 52% of the C$535m after-tax $NPV_{7.5}$ outlined in the Feasibility Study (assuming US$2.60 copper and adjusted for the Triple Flag stream). This is unusually low for a fully built mine in the commissioning stage and reflects the market's continued skepticism on whether ISR mining will work as expected at Gunnison.

If the Excelsior team is able to deliver as promised, we will see the Excelsior share price approach 100% of after-tax $NPV_{7.5}$ (C$2.10 per share) over the coming few years. This assumes a flat US$2.60 copper price for the life of the mine, which will likely prove to be overly conservative. For some perspective, plugging in a long-term copper price of US$3.15 gives Gunnison an after-tax $NPV_{7.5}$ of ~C$900m, or C$3.46 per share. The upside is still there for MIN shareholders but, don't be mistaken, there is plenty of downside risk if the company stumbles on execution now that the Gunnison operation is up and running. These next six months will be crucial.

Past Featured Investments – SOLD

Viscount Mining (TSXV: VML)

Featured In: **January 2017**
Average Cost per Share: **C$0.33**
Exit Price: **C$0.29**

Golden Arrow Resources (TSXV: GRG)

Featured In: **July 2016**
Average Cost per Share: **C$0.24**
Exit Price: **C$0.76**

Almadex Minerals (TSXV: AMZ)

Featured In: **January 2016**
Average Cost per Share: **C$0.16**
Exit Price: **C$1.62 CAD**

Quintis Ltd (ASX: QIN)

Featured In: **July 2015**
Average Cost per Share: **A$1.16**
Exit Price: **A$0.00**

Nevsun Resources (NYSE: NSU)

Featured In: **January 2015**
Average Cost per Share: **US$2.45**
Exit Price: **US$4.42**

Tsodilo Resources (TSXV: TSD)

Featured In: **July 2014**
Average Cost per Share: **C$0.86**
Exit Price: **C$0.71**

Lithium Americas (TSX: LAC)

Featured In: **January 2014**
Average Cost per Share: **C$1.20**
Exit Price: **C$12.70**

Phoscan Chemical Corp (TSX: FOS)

Featured In: **July 2013**
Average Cost per Share: **C$0.29**
Exit Price: **C$0.32**

South Boulder Mines (ASX: STB)

Featured In: **July 2012**
Average Cost per Share: **A$0.48**
Exit Price: **A$0.28**

Northern Graphite (TSXV: NGC)

Featured In: **January 2012**
Average Cost per Share: **C$0.97**
Exit Price: **C$0.80**